

Market Information BULLETIN

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Dairy Outlook

Excerpts from Livestock, Dairy, and Poultry Outlook, August 2022, USDA, Economic Research Service:

Dairy Forecasts for 2022

In the following forecast analysis, any changes discussed are adjustments from previous month forecasts, unless otherwise specified. Based on recent milk production information, the forecast for the average number of milk cows in 2022 has been increased by 5,000 head, to 9.410 million head as a more rapid pace of expansion is expected in late 2022. The projected average yield per cow in 2022 was adjusted higher for the remainder of 2022, at 24,110 pounds per year. With more cows and productivity per cow, the milk production forecast for 2022 is 226.9 billion pounds, 0.4 billion higher. Due to anticipated strong demand from the international market and competitive domestic prices, higher export volumes of dairy products are projected throughout the rest of 2022. The forecast for 2022 dairy exports on a milk-equivalent milk-fat basis was adjusted to 13.5 billion pounds, 0.3 billion higher. On a milk-equivalent skim-solids basis, 2022 exports are forecast at 52.2 billion pounds, up 0.1 billion. Higher exports are expected for whey, lactose, and butterfat products. However, export growth of NDM is expected to be slower in 2022. Dairy import forecasts were adjusted higher for 2022. On a milk equivalent milk-fat basis, annual dairy import projections for 2022 were adjusted up to 7.2 billion pounds, 0.1 billion higher. On a milk equivalent skim-solids basis, 2022 dairy imports were also adjusted up to 6.5 billion pounds, higher by 0.3 billion. Higher expected imports of cheese, milk protein concentrate, and casein imports are anticipated throughout 2022. On a milk-equivalent milk-fat basis, the annual forecast for 2022 domestic use is 219.5 billion pounds, down 0.8 billion. The domestic use forecast on a milk-equivalent skim-solids basis for 2022 is 179.2 billion pounds, up 0.2 billion. Price forecasts for cheese and butter are up at \$ 2.105 (+3.0 cents) and \$2.880 (+3.0 cents) per pound, respectively. The 2022 wholesale price forecast of NDM was unchanged at \$1.690, while the price of dry whey was down 0.005 cent at \$0.605 per pound. The Class III milk price forecast for 2022 is \$21.90 per hundredweight (cwt), up \$0.25.

Dairy Forecasts for 2022 cont.

The Class IV milk price projection was adjusted to \$24.60 per cwt, up \$0.15. The all-milk price forecast for 2022 is \$25.60 per cwt, an increase of \$0.15.

Dairy Forecast for 2023

As with the discussion of forecasts for 2022, any changes discussed in this section are adjustments from previous month forecasts unless otherwise specified. More dairy cows are expected in the first half of 2023, and the productivity of the herd is expected to be higher. The 2023 forecast for the average number of milk cows has been increased by 10,000 head to 9,425 million head. The 2023 forecast for milk per cow was adjusted up 20 pounds per cow at 24,320 pounds. The projection for 2023 milk production has been revised to 229.2 billion pounds, 0.4 billion pounds higher. Dairy exports are expected to be strong in 2023. The export forecast for 2023 on a milk equivalent milk-fat basis is 12.6 billion pounds, 0.2 billion higher. On a milk-equivalent skim solids basis, 2023 dairy exports are projected to total 52.2 billion pounds, 0.4 billion higher. As with 2022, in 2023, higher exports are expected for whey, lactose, and butterfat products at competitive prices in the international markets. In line with 2022, exports of NDM are forecast lower in 2023.

On a milk-equivalent milk-fat basis, 2023 dairy import forecasts are up 0.2 billion pounds to 7.2 billion pounds driven by anticipated stronger imports of butter. On a milk-equivalent skim-solids basis, dairy imports were unchanged at 6.1 billion pounds. On a milk-equivalent milk-fat basis, the domestic use forecast for 2023 was unchanged at 221.2 billion pounds. On a milk-equivalent skim-solids basis, the forecast for domestic use is 181.6 billion pounds, 0.2 billion higher. The 2023 wholesale price forecasts for cheese and butter were raised to \$1.985 (+1.5 cents) and \$2.440 (+5.5 cents) per pound, respectively. The 2023 dry whey price forecast remained unchanged at \$0.485, and the NDM price forecast was adjusted to \$1.495 (-1.0 cent) per pound. Due to higher cheese prices and steady dry whey prices, the Class III milk price forecast for 2023 was adjusted up 10 cents up to \$19.80 per cwt. The Class IV milk price projection for 2023 is \$21.00 per cwt, \$0.15 higher. The all-milk price forecast for 2023 is \$22.90 per cwt, an increase of \$0.20.

COMPUTATION OF UNIFORM PRICES

F.O. 6 - Florida: Uniform Price - September 2022

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	85.94%	156,768,328	\$12.07 /cwt.	\$ 18,921,937.20
Class I Butterfat	52.67%	3,690,423	\$3.4201 /lb.	12,621,615.72
Class I Differential at Location		160,458,751		8,913,466.15
Total Class I Milk	84.71%	160,458,751		\$ 40,457,019.07
Class II Skim Milk	11.06%	20,182,090	\$14.52 /cwt.	\$ 2,930,439.47
Class II Butterfat	43.14%	3,023,221	\$3.5723 /lb.	10,799,852.38
Total Class II Milk	12.25%	23,205,311		\$ 13,730,291.85
Class III Skim Milk	1.75%	3,197,964	\$7.61 /cwt.	\$ 243,365.06
Class III Butterfat	1.95%	136,775	\$3.5653 /lb.	487,643.92
Total Class III Milk	1.76%	3,334,739		\$ 731,008.98
Class IV Skim Milk	1.25%	2,275,382	\$12.59 /cwt.	\$ 286,470.61
Class IV Butterfat	2.24%	157,301	\$3.5653 /lb.	560,825.26
Total Class IV Milk	1.28%	2,432,683		\$ 847,295.87
Producer Milk	100.00%	189,431,484		\$ 55,765,615.77

Adjustments

Overage and Other Source				\$ 0.00
Inventory Adjustments				-\$ 41,663.74
Producer Butterfat at Uniform Butterfat Price				-\$ 24,675,583.66
Location Adjustments				-\$ 261,130.11
1/2 Balance in Producer Settlement Fund				\$ 37,797.23

Total Skim Milk and Aggregate Value			\$ 16.89749	\$ 30,825,035.49
Producer Settlement Fund Reserve			\$ 0.04749	\$ 86,631.26

Uniform Skim Milk Price (Hillsborough County, FL):	\$16.85 /cwt
Uniform Butterfat Price:	\$3.5212 /lb
Uniform Price (Hillsborough County, FL):	\$28.58 /cwt

F.O. 7 - Southeast: Uniform Price - September 2022

Producer Milk

	<u>Utilization</u>	<u>Pounds</u>	<u>Price per unit</u>	<u>Value</u>
Class I Skim Milk	84.29%	236,575,849	\$12.07 /cwt.	\$ 28,554,704.99
Class I Butterfat	48.72%	5,526,430	\$3.4201 /lb.	18,900,943.24
Class I Differential at Location		242,102,279		7,876,028.55
Total Class I Milk	82.91%	242,102,279		\$ 55,331,676.78
Class II Skim Milk	12.75%	35,792,445	\$14.52 /cwt.	\$ 5,197,063.02
Class II Butterfat	41.39%	4,695,417	\$3.5723 /lb.	16,773,438.13
Total Class II Milk	13.86%	40,487,862		\$ 21,970,501.15
Class III Skim Milk	2.86%	8,037,134	\$7.61 /cwt.	\$ 611,625.91
Class III Butterfat	3.34%	378,334	\$3.5653 /lb.	1,348,874.20
Total Class III Milk	2.88%	8,415,468		\$ 1,960,500.11
Class IV Skim Milk	0.10%	285,923	\$12.59 /cwt.	\$ 35,997.70
Class IV Butterfat	6.55%	743,257	\$3.5653 /lb.	2,649,934.19
Total Class IV Milk	0.35%	1,029,180		\$ 2,685,931.89
Producer Milk	100.00%	292,034,789		\$ 81,948,609.93

Adjustments

Overage and Other Source				\$ 87,463.24
Inventory Adjustments				-\$ 256,431.31
Producer Butterfat at Uniform Butterfat Price				-\$ 39,854,035.07
Location Adjustments				\$ 1,324,754.97
1/2 Balance in Producer Settlement Fund				\$ 136,294.57

Total Skim Milk and Aggregate Value			\$ 15.45707	\$ 43,386,656.33
Producer Settlement Fund Reserve			\$ 0.04707	\$ 132,119.15

Uniform Skim Milk Price (Fulton County, GA):	\$15.41 /cwt
Uniform Butterfat Price:	\$3.5134 /lb
Uniform Price (Fulton County, GA):	\$27.17 /cwt

POOL HIGHLIGHTS

F.O. 6 - Florida: September 2022

Producer Milk Utilization:

Class I:	84.71%
Class II:	12.25%
Class III:	1.76%
Class IV:	1.28%

The Uniform Price

for Sept. 2022 was announced at \$28.58, an increase of \$7.36 from Sept. 2021.

Total Producer Milk

for Sept. 2022 totaled 189.4 million pounds, a decrease of 7.6 million pounds from Sept. 2021.

Total Class I Milk

for Sept. 2022 was 160.5 million pounds, a decrease of 3.7 million pounds from Sept. 2021.

Class I Utilization

for Sept. 2022 was 84.71%, an increase of 1.37 percentage points from Sept. 2021.

F.O. 7 - Southeast: September 2022

Producer Milk Utilization:

Class I:	82.91%
Class II:	13.86%
Class III:	2.88%
Class IV:	0.35%

The Uniform Price

for Sept. 2022 was announced at \$27.17, an increase of \$7.47 from Sept. 2021.

Total Producer Milk

for Sept. 2022 totaled 292.0 million pounds, a decrease of 75.0 million pounds from Sept. 2021.

Total Class I Milk

for Sept 2022 was 242.1 million pounds, a decrease of 19.0 million pounds from Sept. 2021.

Class I Utilization

for Sept. 2022 was 82.91%, an increase of 11.77 percentage points from Sept. 2021.

Florida Market Summary

The minimum order uniform price for payment to producers supplying the Florida Order marketing area in September 2022 is \$28.58 per hundredweight for milk with a 3.5% butterfat test in Hillsborough County, Florida. This is .965 times the uniform skim milk price of \$16.85 per hundredweight plus 3.5 times the uniform butterfat price of \$3.5212 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during September 2022 totaled 189.4 million pounds. Florida producers supplied 130.3 million pounds of milk in September 2022 or an estimated 69% of the producer milk pooled in Florida. In September 2021, they supplied 74% of producer milk pooled on the Florida market. There were 8 regulated pool distributing plants and 2 cooperative associations submitting reports of receipts and utilization in the computation of the uniform prices for September 2022. Total in-area Class I route disposition was 200.8 million pounds in September 2022, a decrease of 11.0 million pounds from September 2021.

Southeast Market Summary

The minimum order uniform price for payment to producers supplying the Southeast Order marketing area during September 2022 is \$27.17 per hundredweight for milk with a 3.5% butterfat test in Fulton County, Georgia. This is .965 times the uniform skim milk price of \$15.41 per hundredweight plus 3.5 times the uniform butterfat price of \$3.5134 per pound. Payment to producers may be adjusted by location differentials, if applicable, and by properly authorized deductions. Receipts of producer milk during September 2022 totaled 292.0 million pounds. There were 16 regulated pool distributing plants, 1 pool supply plant and 8 cooperative associations submitting reports of receipts and utilization that were included in the computation of the uniform prices for September 2022. Total in-area Class I route disposition was 300.8 million pounds in September 2022, a decrease of 21.0 million pounds from September 2021.

WASDE Dairy Report 1/ WASDE – 629, October 14, 2022

The milk production forecasts for 2022 and 2023 are raised from last month. The cow inventory is raised reflecting a more rapid pace of expansion in late 2022 and the first half of 2023. Output-per-cow is raised for the remainder of 2022 and into the first part of 2023. Fat and skim-solids basis imports for 2022 are raised, largely driven by recent trade data and higher expected imports of cheese and several other products; the skim imports increase also reflects strong milk protein concentrate and casein imports. Forecasts for 2023 imports for both bases are also raised largely on stronger imports of butter. Exports for both years are raised on expectations of stronger whey, lactose, and butterfat product exports. However, export growth in skim milk powder is expected to be slower in 2022. For 2022, forecasts for butter and cheese prices are raised on current price strength, but nonfat dry milk (NDM) and whey prices are lowered. Both Class III and Class IV prices are raised, reflecting the higher butter and cheese prices respectively. For 2023, price forecasts for butter and cheese are raised while the NDM prices is lower. The Class III price is raised on higher cheese and Class IV price forecast is raised as the higher butter price more than offsets the lower expected NDM price. The 2022 all milk price forecast is raised to \$25.60 per cwt and the 2023 all milk price is raised to \$22.90 per cwt.

^{1/} The World Agricultural Supply and Demand Estimates (WASDE) report provides USDA's comprehensive forecasts of supply and demand for major U.S. and global crops and U.S. livestock, including dairy. The WASDE report is available at www.usda.gov/oce/commodity/wasde/.

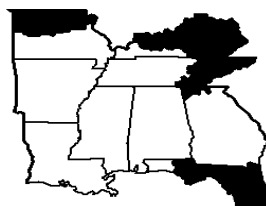
Federal Milk Marketing Order Statistics

September 2022

Federal Order	Producer Deliveries <i>Million Pounds</i>	Class I Producer Receipts <i>Million Pounds</i>	Class I Utilization <i>Percent</i>	Statistical Uniform Price <i>\$/cwt</i>
1 Northeast	2,187.1	675.0	30.9	24.82
5 Appalachian	430.5	315.9	73.4	26.53
6 Florida	189.4	160.5	84.7	28.58
7 Southeast	292.0	242.1	82.9	27.17
30 Upper Midwest	2,774.2	169.4	6.1	20.28
32 Central	1,289.4	365.1	28.3	22.20
33 Mideast	1,303.4	510.1	39.1	22.64
51 California	1,841.6	395.6	21.5	21.80
124 Pacific Northwest	610.8	140.0	22.9	22.54
126 Southwest	1,132.8	325.7	28.8	22.55
131 Arizona	360.6	111.5	30.9	23.81
All Orders	12,411.8	3,410.7	27.5	22.68



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